

CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

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COUNTRY Siam - China

DATE: 25X1A6a

SUBJECT Status of the Gold Market

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SUPPLEMENT

Note: All gold prices quoted below are per 15 grams gold bars.

1. The movement of gold to Hongkong from Bangkok is slackening off somewhat with the drop in Hongkong prices. On 27 December the Bangkok price was down to 670 baht from the 708 baht record reached on 12 December.

There is little interest in the government sale of gold stocks which had been expected to lower the gold market, despite the fact that government gold is finer. At the fifth sale held on 20 December, the government price was 675 while the local market quotation was 674.

Commercial aircraft are instrumental in most of the gold smuggling out of Bangkok to Hongkong. Chinese businessmen hide gold in their shoes, use other similar means, and bribe corrupt local customs officials. There is no present estimate of the quantity being smuggled out but it explains the rise of the local price and the loose correlation of local and Hongkong prices. The extent of the rise can be seen by the fact that the 24 September price was 498.

In August, thirty Chinese merchants were caught at the Bangkok airport enroute to Hongkong. They had 1,283,793 baht in gold, 100,000 French Indo China piastres, and 10,000 United States dollars with them. They are still unconvicted.

According to an unstated source, the average total daily sales for all of Bangkok's 150 gold dealers is about 80,000 grams. Government sales are not included in this.

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NO CHANGE in Class. ☒☐ DECLASSIFIED

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CLASSIFICATION: CONFIDENTIAL

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